



February 3, 2017

Dear FQHRA members, horsemen and breeders,

As you are aware, FQHRA, supported by Ocala Breeders Sales and the Florida Horsemen's Benevolent and Protective Association, filed an administrative action challenging the Division of Pari-Mutuel Wagering's issuance of the race dates license and cardroom licenses to Hialeah Park for FY 2016-2017. The challenge was based on the Division's acceptance of an agreement between Hialeah and the South Florida Quarter Horse Racing Association ("SFQHA"). FQHRA argued that the Division was operating under an improper non-rule policy in allowing Hialeah to unilaterally control racing dates and purse decisions without the involvement of an independent horsemen's group.

The ALJ entered a Final Order Wednesday afternoon. Specifically, the ALJ determined consistent with FQHRA's arguments that the Division erred in relying on the SFQHA Agreement, which was filed well after the February 28th deadline as the requisite agreement for running less than a full schedule of live racing required by Section 550.002(11). The requisite horsemen's agreement must be filed with the annual race dates application which the ALJ found was not the case here. The ALJ concluded that "the Division's action in approving Hialeah's operating dates and cardroom licenses constituted either a waiver of the statutory



deadline of February 28 for the filing of application amendments, or a waiver of the statutory requirement that a permitholder file an alternative schedule agreement in order to receive a license to run fewer than 40 live regular wagering performances.” Either way, there should have been a horsemen’s agreement filed with the application and this was not done. Until the afternoon of March 14, 2016, the only horsemen’s agreement on file during the application process was the FQHRA agreement that was active through June 30, 2016. The SFQHA was formed and the SFQHA agreement was added the afternoon of March 14, 2016 before the licenses went out on March 15, 2016. However the SFQHA in its own agreement said that their agreement did not become valid until July 1, 2016 which is the day after the FQHRA agreement expired. The licenses were granted while FQHRA’s agreement was still the horsemen’s agreement that was active.

With respect to the argument that the Division must insist on an independent horsemen’s group that is not affiliated with a permitholder, the ALJ noted that the statutes do not define “association” or “horsemen’s association” and contain no limiting language such as “independent horsemen’s association.” Although the SFQHA may not be an independent group, he determined that all that is required with respect to the requisite purse agreements is that the Division have a binding purse agreement on file. Unfortunately, he did not accept FQHRA’s argument that the purse agreement cannot be with a captive association. However he noted that the agreement on file was with FQHRA when Hialeah applied for its slots license. It



is our contention that the ruling casts a significant cloud over Hialeah's continued operations, including its slots and card room permits, without a valid agreement with FQHRA to race there during the current fiscal year. FQHRA's attorney will pursue this position with the Division. Our goal continues to be to have a legitimate race meet at Hialeah with a purse structure similar to previous years before the fiscal year ends June 30, 2017.

Our attorneys are still reviewing and considering FQHRA's available options. Recovery of attorneys' fees go to the prevailing party, The ALJ has retained jurisdiction to determine a recovery of reasonable attorneys' fees to FQHRA.

Sincerely,

Ron Smith

Ron Smith
President FQHRA